

Senate Study Bill 3068 - Introduced

SENATE FILE _____

BY (PROPOSED COMMITTEE ON
VETERANS AFFAIRS BILL BY
CHAIRPERSON BEALL)

A BILL FOR

- 1 An Act creating the hire a hero tax credit and including
- 2 retroactive applicability provisions.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11I Hire a hero tax credit.

2 1. The taxes imposed under this division, less the credits
3 allowed under section 422.12, shall be reduced by a hire a hero
4 tax credit. An employer who hires and employs an eligible
5 employee is eligible to claim the tax credit.

6 2. As used in this section:

7 a. *"Eligible employee"* means a member of the national
8 guard, as that term is defined in section 29A.1, employed on
9 a permanent full-time or part-time basis for at least one
10 thousand five hundred hours, on an annualized basis, and at
11 least thirty hours per week each week during the tax year.
12 The national guard member shall not be an eligible employee
13 if the national guard member was hired to replace a national
14 guard member whose employment was terminated within the
15 twelve-month period preceding the date of first employment,
16 unless the national guard member being replaced left employment
17 voluntarily without good cause attributable to the employer
18 or the national guard member was discharged for misconduct in
19 connection with the national guard member's employment.

20 b. *"Employer"* includes a self-employed person who meets the
21 definition of eligible employee.

22 c. *"Military service"* means federal service, state active
23 duty, or state military service as defined in section 29A.1.

24 3. The allowable credit shall be an amount equal to the sum
25 of the following:

26 a. One thousand dollars for each eligible employee hired for
27 employment in this state during the tax year.

28 b. Five hundred dollars for each eligible employee employed
29 in this state during a tax year subsequent to the tax year that
30 the employee was hired for employment in this state.

31 c. In addition to the credit amount in paragraph "a" or "b",
32 five hundred dollars for each eligible employee who performs at
33 least thirty days of military service during the tax year while
34 employed by the employer.

35 4. Any credit in excess of the tax liability shall be

1 refunded. In lieu of claiming a refund, a taxpayer may
2 elect to have the overpayment shown on the taxpayer's final,
3 completed return credited to the tax liability for the
4 following tax year.

5 5. An individual may claim the tax credit allowed a
6 partnership, limited liability company, S corporation, estate,
7 or trust electing to have the income taxed directly to the
8 individual. The amount claimed by the individual shall be
9 based upon the pro rata share of the individual's earnings of a
10 partnership, limited liability company, S corporation, estate,
11 or trust.

12 Sec. 2. Section 422.33, Code Supplement 2011, is amended by
13 adding the following new subsection:

14 NEW SUBSECTION. 11. The taxes imposed under this division
15 shall be reduced by a hire a hero tax credit. The taxpayer
16 shall claim the tax credit according to the same requirements
17 and calculated in the same manner as provided in section
18 422.11I.

19 Sec. 3. Section 422.60, Code Supplement 2011, is amended by
20 adding the following new subsection:

21 NEW SUBSECTION. 14. The taxes imposed under this division
22 shall be reduced by a hire a hero tax credit. The taxpayer
23 shall claim the tax credit according to the same requirements
24 and calculated in the same manner as provided in section
25 422.11I.

26 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
27 retroactively to January 1, 2012, for eligible employees hired
28 or employed on or after that date.

29 EXPLANATION

30 This bill creates the hire a hero tax credit for purposes
31 of the state individual and corporate income taxes and the
32 franchise tax. The tax credit is available for employers
33 in the amount of \$1,000 per eligible employee for the year
34 in which the eligible employee is hired, \$500 for each year
35 of employment subsequent to the year of hiring, and \$500

1 for each year an eligible employee is called to at least 30
2 days of military service. Eligible employees are members of
3 the national guard who are employed full-time or at least 30
4 hours per week permanent part-time. The bill provides that
5 a national guard member shall not be an eligible employee if
6 the national guard member was hired to replace a national
7 guard member whose employment was terminated in the previous
8 12 months unless the national guard member being replaced
9 left voluntarily or was discharged for misconduct. The tax
10 credit applies retroactively to tax years beginning on or after
11 January 1, 2012.